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March 22, 2006

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100 North Tryon Street
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VIA UPS OVERNIGHT

Mr. Charles Terreni
Chief Clerk Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Petition in Docket to be assigned

Dear Mr. Terreni:

Enclosed please find an original and 26 copies of the *Application of Piedmont Natural Gas Company, Inc. to Modify Tariffs and Service Regulations*. Please accept the original and 25 copies for filing and return the additional "filed" stamped" copy to me in the enclosed self-addressed stamped envelope.

Thank you for your assistance with this matter. If you have any questions about this filing you may reach me at the number shown above.

Sincerely,



Scott M. Tyler

Enclosures

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SC PUBLIC SERVICE
COMMISSION
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FEDERAL
RECORDING
COMMUNITY

In the Matter of
Application of Piedmont Natural Gas
Company, Inc., to Modify Tariffs and
Service Regulations

PETITION

1. It is respectfully requested that any notices or other communications with respect to this Petition be sent to:

Kim R. Cocklin
Senior Vice President & General Counsel
Piedmont Natural Gas Company, Inc.
Post Office Box 33068
Charlotte, NC 28233
Telephone: 704-364-3120

and

Scott M. Tyler¹
James H. Jeffries IV²
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

2. Piedmont is incorporated under the laws of the state of North Carolina and is duly authorized by its Articles of Incorporation to engage in the business of transporting, distributing and selling natural gas. It is duly domesticated and is engaged in conducting the business above mentioned in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission.

3. The Commission has previously granted Piedmont Certificates of Public Convenience and Necessity authorizing it to acquire certain gas franchises and properties in the state of South Carolina. Piedmont holds franchises and is furnishing natural gas to customers in various cities and towns in South Carolina.

4. Under Piedmont's approved transportation rate schedules (Rate Schedule 213 – Large General Transportation Service and Rate Schedule 214 – Interruptible Transportation Service) Piedmont's customers are permitted to appoint third-party agents to act on their behalf for the purpose of making nominations, managing imbalances, and for billing by executing and delivering to Piedmont an Agency Authorization Form which is also signed by the third-party agent.³ Under this arrangement, and as provided in the Agency Authorization Form, Customers and third-party agents are jointly and severally liable to Piedmont for any amounts due Piedmont under the applicable rate schedule, including cash-out payments and penalties.

¹ Mr. Tyler is a member in good standing of the South Carolina bar.

² If this matter is set for hearing, Mr. Jeffries will request admission to practice before this Commission in this matter *pro hac vice* in conformance with the rules of the South Carolina Supreme Court.

³ These third-party agents are more commonly referred to as marketers.

Third-party agents operating on the Piedmont system may act on behalf of one or more customers and are required to comply with the provisions of the applicable rate schedule under which transportation service is provided as well as Piedmont's service regulations.

5. Other than these general requirements and certain generally applicable internal operational requirements, no separate tariff provisions govern the actions of third-party agents on the Piedmont system. This is due, in part, to the fact that third-party agents have not historically been considered to be customers of Piedmont (i.e. they do not consume any gas purchased from or delivered by Piedmont). Instead, third-party agents act on behalf of Piedmont's transportation customers performing functions the customers would otherwise have to perform themselves with respect to Piedmont's services such as nomination and imbalance management and billing/payment activities. Third-party agents also frequently perform tasks for Piedmont's customers that are tangential to the services provided by Piedmont, such as arranging transportation on upstream pipelines and obtaining gas supplies. All of these functions are provided pursuant to discrete and individual contractual arrangements between the third-party agents and Piedmont's customers. Piedmont is not a party or privy to these arrangements.

6. Under this structure, it is the responsibility of Piedmont's customers to protect themselves from any potential harm (such as cash-out or penalty liability) that can result from actions taken by their designated third-party agents.

7. Notwithstanding the fact that third-party agents have not historically been considered to be customers of Piedmont, their actions do have a significant impact on Piedmont's day-to-day operations because they are integrally involved in making nominations for transportation services, arranging for gas supplies to be delivered to Piedmont's city gate, and handling the payment of bills for transportation service (including imbalance cash-out payments) on behalf of multiple customers.

8. Historically, Piedmont has not experienced significant difficulties with the operations of third-party agents on its system as they have, for the most part, behaved responsibly and in conformance with the provisions of Piedmont's various transportation rate schedules and Piedmont's service regulations. That experience changed this winter.

9. In early December, 2005, one of the third-party agents operating on Piedmont's system, who was acting on behalf of 122 individual transportation customers in the three states in which Piedmont operates, failed to make any nominations for transportation service on Piedmont's system for a three day weekend period⁴ and also failed to deliver any gas to Piedmont's system for the same period. Notwithstanding this failure to nominate transportation service or to deliver any quantities of gas to Piedmont during this three-day period, the clients of this third-party agent consumed more than 80,000 dekatherms of natural gas during this same period. This gas was drawn from Piedmont's firm contractual upstream supplies and storage inventories. These actions had several significant and detrimental impacts. First, they created a large intramonth imbalance for the customers on whose behalf the third-party agent was acting. Second, they caused Piedmont to use significant quantities of its firm flowing and storage supplies, purchased primarily to meet core firm sales requirements.

10. Piedmont immediately contacted this third-party agent to inform them that the failure to nominate/deliver any quantities of gas in the face of continuing and substantial usage by the transportation customers on whose behalf the agent was acting was in violation of Piedmont's tariffs and posed substantial risk to both Piedmont and its customers. Piedmont urged this third-party agent to immediately arrange the delivery of replacement gas in order to make-up this imbalance. Despite repeated representations from this third-party agent over the next several days that it would deliver sufficient quantities both to serve its clients ongoing consumption as well as to make progress in reducing the existing transportation imbalance, this

⁴ Nominations on Fridays are made for the succeeding Saturday, Sunday and Monday.

third-party agent failed to do either.⁵ As a result of these failures, which constituted gross violations of Piedmont's tariffs, Piedmont subsequently suspended the right of this third-party agent to do business on its system. At the time of this suspension, the imbalance cash-out amount due Piedmont (exclusive of penalties) was in excess of \$1.2 million dollars.

11. Shortly thereafter, this third-party agent was placed into involuntary receivership and then filed for bankruptcy protection. In bankruptcy, various creditors are claiming fraud on the part of the third-party agent and its principal officer and bankruptcy filings indicate the existence of claims for more than \$50 million in outstanding debts. The third-party agent is not operational and, in Piedmont's view, is not likely to return to operations.

12. The aftermath of these events has been challenging for Piedmont and its impacted customers and both Piedmont and its customers are facing potentially adverse economic consequences as a result of these events.

13. In examining this situation, and the resulting negative impacts on Piedmont and its customers, Piedmont determined that additional protections were needed to provide a cushion against similar occurrences in the future. In crafting these protections, Piedmont strove to create a mechanism which would provide targeted but effective protection against the creation of large imbalances by a third-party agent (who is able to aggregate nominations for many customers) and the possibility that such an agent may not be able to fund the resolution of such imbalances. Piedmont's goal in crafting these protections was to avoid, to the maximum extent possible, substantive changes in its customers rights under existing transportation rate schedules. Instead, Piedmont desired to specifically target the behaviors and risks exposed by the events of this winter.

14. The solution proposed by Piedmont is set forth in the tariff revisions attached hereto. These proposed tariff revisions do three things: (a) they make certain clarifying changes

⁵ During this period, this third-party agent also failed to comply with several operational directives issued by Piedmont to curtail interruptible transportation services by its clients.

to Piedmont's Agency Authorization Form; (b) they set forth for inclusion in Piedmont's tariffs as Appendix A to Piedmont's South Carolina Service Regulations a form of Customer Agent Agreement; and (c) they require all third-party agents authorized to act on behalf of Piedmont's customers to be "eligible", with eligibility defined by the execution of and compliance with a Customer Agent Agreement.

15. The primary substantive terms of the Customer Agent Agreement are a requirement for a third-party agent to establish credit in an amount equal to the value of approximately three days worth of transportation nominated quantities and an equivalent limit on third-party agent aggregate intramonth imbalances. Violations of these requirements would result in suspension of the rights of the third-party agent to conduct business on Piedmont's system. The net effect of these provisions is to provide, at a minimum, roughly a three day cushion against harmful behavior by third-party agents for the direct benefit of Piedmont and its customers.

16. Piedmont believes that these requirements are fairly narrow in nature and are specifically targeted to address the risks identified by events this winter without being unduly burdensome. When approved, they will provide Piedmont with the tools to protect itself and its customers against the possibility of improper behavior by third-party agents on Piedmont's system without materially impairing the ability of such third-party agents to qualify to do business on the Piedmont system.

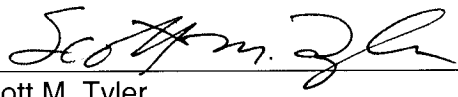
17. Piedmont has shared its proposals with the marketers active on Piedmont's system and has received feedback from these entities. In this process, Piedmont was not able to resolve all concerns raised but did take all comments into account in drafting these proposed tariff changes. Piedmont believes that they represent a reasonable and balanced approach to addressing the potential risks involved with third-party agent operations on the Piedmont system.

18. Piedmont requests approval of its proposed tariff changes at the Commission's earliest convenience in order to permit Piedmont, its transportation customers, and the third-party agents involved in conducting business on Piedmont's system to prepare for next winter in as expeditious a manner as possible.

19. Piedmont represents that if the Commission's disposition of these proposed tariff changes impacts the sales/transportation elections recently made by Piedmont's South Carolina industrial customers, Piedmont will work with such customers to implement the Commission's ruling in a fair and reasonable manner and without undue prejudice to these customers.

Respectfully submitted, this the 22 day of March, 2006.

Piedmont Natural Gas Company, Inc.



Scott M. Tyler

OF COUNSEL:

Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

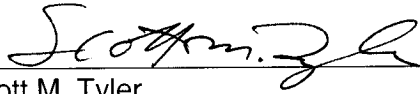
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached PETITION is being served upon each party of record in this action by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, or by UPS Express Mail addressed as follows:

Scott Elliott
Elliott & Elliott, P.A.
721 Olive Street
Columbia, South Carolina 29205

Office of Regulatory Staff
State of South Carolina
1441 Main Street, Suite 300
Columbia, South Carolina 29201
(5 copies)

This the 22 day of March, 2006.



Scott M. Tyler

STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

Bill R. Morris, being duly sworn, deposes and says that he is Director of Financial Planning and Rates of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge except as to those matters stated on information and belief and as to those he believes them to be true.

Bill R. Morris

Bill R. Morris

Mecklenburg County, North Carolina

Signed and sworn to before me this day by Bill R. Morris.

Date: *March 21, 2006* *Lee E. Howard*

Lee E. Howard, Notary Public

(Official Seal)

My commission expires: **MY COMMISSION EXPIRES 10-29-10**

**RED-LINED RATE SCHEDULES 213 AND 214
SHOWING PROPOSED CHANGES**

RATE SCHEDULE 213
LARGE GENERAL TRANSPORTATION SERVICE

Availability

For new Customers, gas service under this Rate Schedule is available in the area served by the Company in the State of South Carolina to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day.

Reclassification of Customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Public Service Commission of South Carolina (the "Commission").

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 203 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided a) the Company continues to offer firm sales service under Rate Schedule 203 and b) the Company is able to acquire firm gas supplies and capacity under commercially reasonable terms and conditions. Proper notice having been provided and written consent received from the Company within 30 days thereafter, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered separately from any gas delivered under any of the Company's other rate schedules.

Applicability and Character of Service

The Company will redeliver gas received by the Company from upstream connecting pipeline(s) for the Customer's account under this Rate Schedule on a day to day basis in accordance with the Customer's scheduled and confirmed nominations and subject to such maximum allowable daily deliveries and other operational conditions as may be specified in a service agreement between the Company and the Customer. The Company reserves the right to suspend transportation service on any day, when in the Company's sole opinion, its operating conditions are such that suspension of service is necessary. Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of the upstream pipeline(s). The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule. The Company reserves the right to take reasonable action to mitigate system operational problems. The Company will use its best efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales

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RATE SCHEDULE 213
LARGE GENERAL TRANSPORTATION SERVICE

Service if elected by the Customer, as described below, when, in the judgment of the Company, such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use reasonable efforts to notify the Customer or the Customers' Agent before initiating Standby Sales Service hereunder.

By 11:30 am Eastern Time on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing service during the prior month shall be deemed to be the nominating Agent by default. By 11:30 am Eastern Time on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due by 11:30 am Eastern Time on the day prior to gas flow.

Balancing On Upstream Pipeline(s)

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

Monthly Imbalance Resolution

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of all published indices for the month as published in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October.

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If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the sum of (a) the highest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the sum of (a) the lowest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the discount percentage corresponding to the percentage of the surplus listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

Agency Authorization Form

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's South Carolina Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may

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LARGE GENERAL TRANSPORTATION SERVICE

provide written notice to the Company of the new Eligible Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

Standby Sales Service

The Customer may elect by written notice to the Company prior to March 1 of any year to purchase Standby Sales Service from the Company under this Rate Schedule for an annual period commencing the first June 1 following the notice. Customers that have purchased transportation service under this Rate Schedule without Standby Sales Service may elect such service in future annual periods only with the written consent of the Company received within 30 days of Customer's notice. Having made this election, the Customer may nominate gas supplies from third party providers or nominate gas supplies from the Company for delivery to the Customer at the Company's city gate. The Customer may activate the Standby Sales Service during any month by giving notice to the Company during the normal nomination process described above, or by default, if the Customer (or the Customer's Agent) fails to submit a timely and valid nomination for transportation service. In addition to paying the Standby Sales Service Charge each month and the Monthly Standby Index Price set forth below for quantities actually purchased hereunder, the Customer will utilize the transportation services and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be transported and delivered to the Customer's meter. The gas supply commodity price which the Customer shall pay for the gas supplied under this paragraph will be the Monthly Standby Index Price defined as follows:

The index price each month as first published in that month in Inside FERC's - Gas Market Report in the table titled "Prices of Spot Gas Delivered to Pipelines" under the heading "Transcontinental Gas Pipe Line Corp. - Zone 3 (pooling points)" in the column titled "Index". Applicable firm transportation part 284 tariff commodity charges, fuel and any other surcharges as defined in Transco's FERC approved tariffs from Transco's zone 3 to zone 5 will be added to the above index price.

If the Customer has made the annual election to receive Standby Sales Service, and the Customer (or Agent) properly submits a timely and valid nomination for transportation service, and, for whatever reason, the Customer (or Agent) fails to deliver to the Company adequate quantities of gas for the Customer's account, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such service shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the Monthly Standby Index Price or the Daily Standby Index Price defined as the absolute high index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey," "Louisiana - Onshore South," for "Transco,

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LARGE GENERAL TRANSPORTATION SERVICE

St. 65" in the column titled "Absolute." Applicable firm transportation part 284 tariff commodity charges, fuel and any other surcharges as defined in Transco's FERC approved tariffs from

Transco's zone 3 to zone 5 will be added to the above index price. For days of consumption when the Gas Daily is not published, the Gas Daily price shall equal the price as published on the nearest subsequent day by Gas Daily.

The Customer shall also pay all applicable taxes, fees and assessments levied by governmental authorities having jurisdiction.

During the month that the Customer receives Standby Sales Service under this provision, the Company shall perform the necessary balancing activities related to such sales and therefore the monthly imbalance resolution provisions will not be applicable. Gas cost variances related to the Standby Sales Service will be recorded in compliance with the Company's South Carolina Service Regulations Appendix A, Gas Cost Recovery Mechanism (the "GCRM"), except that the "benchmark" cost of gas will be the adjusted Monthly or Daily Standby index price as billed. Increments or decrements which may result from the procedures under the GCRM shall not apply to Standby Sales Service. Any increments or decrements applicable to Rate Schedule 213 shall be applicable to all quantities delivered under Rate Schedule 213, whether purchased from third parties or the Company as Standby Sales Service.

Rates and Charges

The rates to be charged for gas service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the Commission and at each of the district offices of the Company. Rates are subject to adjustment from time to time with the approval of the Commission. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site.

Billing Demand

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinant will become effective June 1 of each year.

For Customers commencing initial gas service under this Rate Schedule, the billing demand shall be the highest actual daily consumption to date during the partial year, but shall be a minimum of 500 therms. If a Customer has received gas service from the Company prior to receiving service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall use 6% of that Customer's highest previous winter month's consumption for the billing demand determinate.

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Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer. Any adjustment to the quantity of gas delivered due to meter failure or inaccuracy of measurement shall be determined as approved in the Rules and Regulations of the Public Service Commission of South Carolina.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of one and a half percent (1½%) per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas service under this Rate Schedule is subject to the provisions contained within Rate Schedule 206, "Schedule for Limiting and Curtailing Service."

Applicable Documents Defining Obligations of the Company and Its Customers

Service under this Rate Schedule is subject to the Rules and Regulations of the Public Service Commission of South Carolina (the "Commission Rules") and to the Company's Service Regulations. Among other things, the Commission Rules and the Company's Service Regulations permit the interruption or curtailment of service under certain conditions, including events of force majeure and operating conditions. A copy of the Commission's Rules may be obtained from the Commission's Chief Clerk at the Public Service Commission of South Carolina, Koger Executive Center, Saluda Building, 101 Executive Center Drive, Columbia, SC 29210 upon payment of the applicable fee. The Company's Service Regulations may be obtained at each of the district offices of the Company. Unofficial copies of the Company's Service Regulations are available at the Company's Web page at www.piedmontng.com.

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RATE SCHEDULE 213
LARGE GENERAL TRANSPORTATION SERVICE

AGENCY AUTHORIZATION FORM

EFFECTIVE DATE _____

CUSTOMER _____**NAME OF FACILITY** _____**ACCOUNT NUMBER (S)** _____**AGENT** _____**AGENT CONTACT** _____ **PHONE #** _____

This is to advise Piedmont Natural Gas Company that _____ (**Customer**) has authorized _____ (**Agent**) to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution _____ billing,

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent, directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S SOUTH CAROLINA SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

Deleted: Shipper

AUTHORIZED SIGNATURE _____	AUTHORIZED SIGNATURE _____
FOR THE CUSTOMER	FOR THE AGENT

Please Print
AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation End User Transportation
Piedmont Natural Gas Company OR Fax Number: (704) 365-8740
P. O. Box 33068
Charlotte, N.C. 28233

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Effective:

RATE SCHEDULE 214
INTERRUPTIBLE TRANSPORTATION SERVICE

Availability

For new Customers, gas service under this Rate Schedule is available in the area served by the Company in the State of South Carolina **on an interruptible basis** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day.

Reclassification of Customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Public Service Commission of South Carolina (the "Commission").

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 204 by giving written notice to the Company prior to April 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

All gas received pursuant to this Rate Schedule shall be metered separately from any gas received under any of the Company's other rate schedules.

Standby Alternate Fuel Capability

Customers purchasing gas pursuant to this Rate Schedule shall maintain, in useable condition, alternate fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas service without further notice to the Customer in the event Customer fails to curtail Customer's use of gas in accordance with the Company's notice of curtailment.

Applicability and Character of Service

The Company will redeliver gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's operational conditions. The Company reserves the right to suspend service on any day, when in the Company's sole opinion; its operating conditions are such that suspension of service is necessary.

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of the upstream pipeline(s). The Customer will be responsible for any imbalance

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charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule. The Company reserves the right to take reasonable action to mitigate system operational problems. The Company will use its best efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction and will notify the Customer of any reduction to Customer's nomination that has been instituted by the Company.

By 11:30 am Eastern Time on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing service during the prior month shall be deemed to be the nominating Agent by default. By 11:30 am Eastern Time on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due by 11:30 am Eastern Time on the day prior to gas flow.

Balancing On Upstream Pipeline(s)

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

Monthly Imbalance Resolution

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of all published indices for the month as published in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October.

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If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the sum of (a) the highest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the sum of (a) the lowest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the discount percentage corresponding to the percentage of the surplus listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	30%	70%
Over 15% & equal to or less than 20%	40%	60%
Over 20%	150%	50%

Agency Authorization Form

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's South Carolina Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer.

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The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit Nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

Rates and Charges

The rates to be charged for gas service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the Commission and at each of the district offices of the Company. Rates are subject to adjustment from time to time with the approval of the Commission. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer. Any adjustment to the quantity of gas delivered due to meter failure or inaccuracy of measurement shall be determined as approved in the Rule and Regulations of the Public Service Commission of South Carolina.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of one and a half percent (1 ½%) per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas service under this Rate Schedule is subject to the provisions contained within Rate Schedule 206, "Schedule for Limiting and Curtailing Service."

Applicable Documents Defining Obligations of the Company and Its Customers

Service under this Rate Schedule is subject to the Rules and Regulations of the Public Service Commission of South Carolina (the "Commission Rules") and to the Company's Service Regulations. Among other things, the Commission Rules and the Company's Service Regulations permit the interruption or curtailment of service under certain conditions, including events of force majeure and operating conditions. A copy of the Commission's Rules may be obtained from the Commission's Chief Clerk at the Public Service Commission of South Carolina, Koger Executive Center, Saluda Building, 101 Executive Center Drive, Columbia, SC 29210 upon payment of the applicable fee. The Company's Service Regulations may be obtained at each of the district offices of the Company. Unofficial copies of the Company's Service Regulations are available at the Company's Web page at www.piedmontng.com.

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AGENCY AUTHORIZATION FORM

EFFECTIVE DATE _____

CUSTOMER _____**NAME OF FACILITY** _____**ACCOUNT NUMBER(S)** _____**AGENT** _____**AGENT CONTACT** _____ **PHONE #** _____

This is to advise Piedmont Natural Gas Company that _____ (Customer) has authorized _____ (Agent) to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution _____ billing,

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent, directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S SOUTH CAROLINA SERVICE REGULATIONS OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

Deleted: Shipper

AUTHORIZED SIGNATURE _____ FOR THE CUSTOMER	AUTHORIZED SIGNATURE _____ FOR THE AGENT
Please Print AGENT'S NAME _____	TITLE _____

PHONE # _____ FAX# _____

MAILING ADDRESS

Please submit to: End User Transportation
Piedmont Natural Gas Company OR End User Transportation
P. O. Box 33068 Fax Number: (704) 365-8740
Charlotte, N.C. 28233

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CLEAN RATE SCHEDULES 213 AND 214 INCORPORATING PROPOSED CHANGES

RATE SCHEDULE 213
LARGE GENERAL TRANSPORTATION SERVICE

Availability

For new Customers, gas service under this Rate Schedule is available in the area served by the Company in the State of South Carolina to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day.

Reclassification of Customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Public Service Commission of South Carolina (the "Commission").

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may, subject to the consent of the Company, elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 203 by giving written notice to the Company prior to March 1 of any year. The Company will not withhold such consent provided a) the Company continues to offer firm sales service under Rate Schedule 203 and b) the Company is able to acquire firm gas supplies and capacity under commercially reasonable terms and conditions. Proper notice having been provided and written consent received from the Company within 30 days thereafter, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

All gas delivered pursuant to this Rate Schedule shall be metered separately from any gas delivered under any of the Company's other rate schedules.

Applicability and Character of Service

The Company will redeliver gas received by the Company from upstream connecting pipeline(s) for the Customer's account under this Rate Schedule on a day to day basis in accordance with the Customer's scheduled and confirmed nominations and subject to such maximum allowable daily deliveries and other operational conditions as may be specified in a service agreement between the Company and the Customer. The Company reserves the right to suspend transportation service on any day, when in the Company's sole opinion, its operating conditions are such that suspension of service is necessary. Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of the upstream pipeline(s). The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule. The Company reserves the right to take reasonable action to mitigate system operational problems. The Company will use its best efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction and will notify Customer of any reduction to Customer's nomination that has been instituted by the Company. The Company reserves the right to initiate Standby Sales Service if elected by the Customer, as described below, when, in the judgment of the Company,

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LARGE GENERAL TRANSPORTATION SERVICE

such action is necessary to reduce or eliminate operational problems resulting from the gas imbalances of the Customer. The Company will use reasonable efforts to notify the Customer or the Customers' Agent before initiating Standby Sales Service hereunder.

By 11:30 am Eastern Time on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing service during the prior month shall be deemed to be the nominating Agent by default. By 11:30 am Eastern Time on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due by 11:30 am Eastern Time on the day prior to gas flow.

Balancing On Upstream Pipeline(s)

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

Monthly Imbalance Resolution

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than has been delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of all published indices for the month as published in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October.

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If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the sum of (a) the highest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the sum of (a) the lowest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the discount percentage corresponding to the percentage of the surplus listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	130%	70%
Over 15% & equal to or less than 20%	140%	60%
Over 20%	150%	50%

Agency Authorization Form

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's South Carolina Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer.

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The Company will provide reasonable notice to Customer in the event of any suspension of Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

Standby Sales Service

The Customer may elect by written notice to the Company prior to March 1 of any year to purchase Standby Sales Service from the Company under this Rate Schedule for an annual period commencing the first June 1 following the notice. Customers that have purchased transportation service under this Rate Schedule without Standby Sales Service may elect such service in future annual periods only with the written consent of the Company received within 30 days of Customer's notice. Having made this election, the Customer may nominate gas supplies from third party providers or nominate gas supplies from the Company for delivery to the Customer at the Company's city gate. The Customer may activate the Standby Sales Service during any month by giving notice to the Company during the normal nomination process described above, or by default, if the Customer (or the Customer's Agent) fails to submit a timely and valid nomination for transportation service. In addition to paying the Standby Sales Service Charge each month and the Monthly Standby Index Price set forth below for quantities actually purchased hereunder, the Customer will utilize the transportation services and incur the charges otherwise applicable under this Rate Schedule to cause such gas supplies to be transported and delivered to the Customer's meter. The gas supply commodity price which the Customer shall pay for the gas supplied under this paragraph will be the Monthly Standby Index Price defined as follows:

The index price each month as first published in that month in Inside FERC's - Gas Market Report in the table titled "Prices of Spot Gas Delivered to Pipelines" under the heading "Transcontinental Gas Pipe Line Corp. - Zone 3 (pooling points)" in the column titled "Index". Applicable firm transportation part 284 tariff commodity charges, fuel and any other surcharges as defined in Transco's FERC approved tariffs from Transco's zone 3 to zone 5 will be added to the above index price.

If the Customer has made the annual election to receive Standby Sales Service, and the Customer (or Agent) properly submits a timely and valid nomination for transportation service, and, for whatever reason, the Customer (or Agent) fails to deliver to the Company adequate quantities of gas for the Customer's account, then the Company shall have the right, at its sole discretion, to initiate Standby Sales Service to the Customer. The price for such service shall be the same as set forth above except when the Company is required by such imbalance shortfall to purchase incremental volumes of gas supplies. In this case the Customer receiving Standby Sales Service will pay the higher of (on a daily basis) the Monthly Standby Index Price or the Daily Standby Index Price defined as the absolute high index price as published in Gas Daily for the day of consumption as stated in the "Daily Price Survey," "Louisiana - Onshore South," for "Transco, St. 65" in the column titled "Absolute." Applicable firm transportation part 284 tariff commodity charges, fuel and any other surcharges as defined in Transco's FERC approved tariffs from Transco's zone 3 to zone 5 will be added to the above index price. For days of consumption when

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the Gas Daily is not published, the Gas Daily price shall equal the price as published on the nearest subsequent day by Gas Daily.

The Customer shall also pay all applicable taxes, fees and assessments levied by governmental authorities having jurisdiction.

During the month that the Customer receives Standby Sales Service under this provision, the Company shall perform the necessary balancing activities related to such sales and therefore the monthly imbalance resolution provisions will not be applicable. Gas cost variances related to the Standby Sales Service will be recorded in compliance with the Company's South Carolina Service Regulations Appendix A, Gas Cost Recovery Mechanism (the "GCRM"), except that the "benchmark" cost of gas will be the adjusted Monthly or Daily Standby index price as billed. Increments or decrements which may result from the procedures under the GCRM shall not apply to Standby Sales Service. Any increments or decrements applicable to Rate Schedule 213 shall be applicable to all quantities delivered under Rate Schedule 213, whether purchased from third parties or the Company as Standby Sales Service.

Rates and Charges

The rates to be charged for gas service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the Commission and at each of the district offices of the Company. Rates are subject to adjustment from time to time with the approval of the Commission. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site.

Billing Demand

A Customer's billing demand determinant shall be the highest daily usage during the period from November 1 to March 31 of the previous winter period as metered and reported to the Company by the telemetering equipment installed by the Company. Changes to the Customer's billing demand determinant will become effective June 1 of each year.

For Customers commencing initial gas service under this Rate Schedule, the billing demand shall be the highest actual daily consumption to date during the partial year, but shall be a minimum of 500 therms. If a Customer has received gas service from the Company prior to receiving service under this Rate Schedule but does not have daily telemetered records to determine peak day usage as described above, the Company shall use 6% of that Customer's highest previous winter month's consumption for the billing demand determinate.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer. Any adjustment to the quantity of gas delivered due to meter failure or inaccuracy of measurement

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shall be determined as approved in the Rules and Regulations of the Public Service Commission of South Carolina.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of one and a half percent (1½%) per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas service under this Rate Schedule is subject to the provisions contained within Rate Schedule 206, "Schedule for Limiting and Curtailing Service".

Applicable Documents Defining Obligations of the Company and Its Customers

Service under this Rate Schedule is subject to the Rules and Regulations of the Public Service Commission of South Carolina (the "Commission Rules") and to the Company's Service Regulations. Among other things, the Commission Rules and the Company's Service Regulations permit the interruption or curtailment of service under certain conditions, including events of force majeure and operating conditions. A copy of the Commission's Rules may be obtained from the Commission's Chief Clerk at the Public Service Commission of South Carolina, Koger Executive Center, Saluda Building, 101 Executive Center Drive, Columbia, SC 29210 upon payment of the applicable fee. The Company's Service Regulations may be obtained at each of the district offices of the Company. Unofficial copies of the Company's Service Regulations are available at the Company's Web page at www.piedmontng.com.

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LARGE GENERAL TRANSPORTATION SERVICE

AGENCY AUTHORIZATION FORM

EFFECTIVE DATE _____

CUSTOMER _____NAME OF FACILITY _____ACCOUNT NUMBER (S) _____AGENT _____AGENT CONTACT _____ PHONE # _____

This is to advise Piedmont Natural Gas Company that _____ (Customer) has authorized _____ (Agent) to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution _____ billing,

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S SOUTH CAROLINA SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

AUTHORIZED SIGNATURE _____ FOR THE CUSTOMER	AUTHORIZED SIGNATURE _____ FOR THE AGENT
---	--

Please Print

AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation Piedmont Natural Gas Company OR P. O. Box 33068 Charlotte, N.C. 28233	End User Transportation Fax Number: (704) 365-8740
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INTERRUPTIBLE TRANSPORTATION SERVICE

Availability

For new Customers, gas service under this Rate Schedule is available in the area served by the Company in the State of South Carolina **on an interruptible basis** to any full requirements non-residential Customer whose average daily gas usage is reasonably anticipated to equal or exceed 50 dekatherms per day.

Reclassification of Customers between rate schedules will be based upon procedures set forth in the Company's Service Regulations as approved by the Public Service Commission of South Carolina (the "Commission").

Once a qualified Customer elects service under this Rate Schedule, all services will be provided under the terms and conditions of this Rate Schedule for a term extending through the following May 31. Subject to the requirements set forth above, a Customer may elect to discontinue service under this Rate Schedule and receive service under Rate Schedule 204 by giving written notice to the Company prior to April 1 of any year. Proper notice having been provided, the Customer shall discontinue service under this Rate Schedule effective the first June 1 following the notice.

All gas received pursuant to this Rate Schedule shall be metered separately from any gas received under any of the Company's other rate schedules.

Standby Alternate Fuel Capability

Customers purchasing gas pursuant to this Rate Schedule shall maintain, in useable condition, alternate fuel facilities with ample on-site alternate fuel capability for supplying 100% of the establishment's gas requirements during periods of gas interruption or curtailment. Such interruption or curtailment shall be immediately effective upon verbal or written notification by the Company and Customer shall refrain from using gas until permitted to do so by the Company. It is understood and agreed that the Company will have the right to suspend gas service without further notice to the Customer in the event Customer fails to curtail Customer's use of gas in accordance with the Company's notice of curtailment.

Applicability and Character of Service

The Company will redeliver gas received by the Company from upstream pipeline(s) for the Customer's account under this Rate Schedule in accordance with the Customer's scheduled and confirmed nominations and subject to the Company's operational conditions. The Company reserves the right to suspend service on any day, when in the Company's sole opinion; its operating conditions are such that suspension of service is necessary.

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Any imbalances shall be corrected by the Customer, insofar as practicable, during the month in which they occur. Customer may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance, subject to the operating limitations of the Company. The Company reserves the right to limit the amount of such imbalances to avoid operating problems and to comply with balancing requirements of the upstream pipeline(s). The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer

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under this Rate Schedule. The Company reserves the right to take reasonable action to mitigate system operational problems. The Company will use its best efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction and will notify the Customer of any reduction to Customer's nomination that has been instituted by the Company.

By 11:30 am Eastern Time on the fifth business day prior to the beginning of each month, the Customer must inform the Company of the nominating Agent for gas to be transported. If no notification to the contrary is provided, the Agent providing service during the prior month shall be deemed to be the nominating Agent by default. By 11:30 am Eastern Time on the fourth business day prior to the beginning of each month, the Customer shall submit a timely and valid nomination for transportation. Changes to nominations for gas transportation within the month are due by 11:30 am Eastern Time on the day prior to gas flow.

Balancing On Upstream Pipeline(s)

It shall be the Customer's responsibility to remain in balance on a daily and monthly basis with upstream pipeline(s) to avoid any assessment of penalties by such pipeline(s) against the Company. If the Company is assessed a penalty by an upstream pipeline, the Company shall have the right to pass-through all such penalties to the Customer to the extent the Customer is responsible for causing the Company to be assessed such penalties.

Monthly Imbalance Resolution

Any differences between the quantities delivered to the Company's city gate facilities for the account of the Customer monthly, and the monthly quantities consumed by the Customer as metered, shall be the monthly imbalance. Unless the Company and Customer agree to correct imbalances "in kind," the imbalance shall be resolved monthly by "cashing out" the imbalances as they are known to exist at that time. If the Customer consumes more gas than it has delivered to the Company, the Customer will be deemed to be "short" by the amount of the deficiency, and the Company will sell the amount of the deficiency to the Customer by charging the price as specified below. If the Customer consumes less gas than it has delivered to the Company, the Customer will be deemed to be "long" by the amount of the surplus, and the Company will buy the amount of the surplus from the Customer by paying the price as specified below.

If the Customer's imbalance is less than or equal to 2% of the total monthly volume consumed, or if the total aggregated imbalance for the Agent is less than or equal to 2% of the total volume consumed by all of the Agent's Customers in that transportation pool, then the price paid by the Company if the imbalance is long or the price paid by the Customer (or Agent) if the imbalance is short will be the sum of (a) the average of all published indices for the month as published in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October.

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If the Customer (or Agent) is "short" by more than 2% of the monthly volume, the price paid by the Customer (or Agent) to the Company for each dekatherm of the total deficiency will be equal to the sum of (a) the highest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the premium percentage corresponding to the percentage of the deficiency listed in the table below.

If the Customer (or Agent) is "long" by more than 2% of the monthly volume, the price paid by the Company to the Customer (or Agent) for each dekatherm of the total surplus will be equal to the sum of (a) the lowest index price for gas that month as posted in Natural Gas Week as stated in the "Gas Price Report" table under "Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline" plus (b) the rate under Transcontinental Gas Pipe Line's Rate Schedule IT, including applicable fuel and surcharges, for service from zone 3 to zone 5, for the months of November through March, or the commodity rate under Transcontinental Gas Pipe Line's Rate Schedule FT, including applicable fuel and surcharges, for service from zone 3 to zone 5 plus \$0.05, for the months of April through October times the discount percentage corresponding to the percentage of the surplus listed in the table below.

Percentage of the Imbalance	Short (Premium)	Long (Discount)
Over 2% & equal to or less than 5%	100%	100%
Over 5% & equal to or less than 10%	120%	80%
Over 10% & equal to or less than 15%	30%	70%
Over 15% & equal to or less than 20%	40%	60%
Over 20%	150%	50%

Agency Authorization Form

A Customer may authorize an Eligible Agent to act on its behalf with respect to the nominations, imbalance resolution, and/or billing under this Rate Schedule by executing an Agency Authorization Form in the form attached to this Rate Schedule. In order to be considered an Eligible Agent, a third-party must execute and be in compliance with all of the terms of the Customer Agent Agreement form set forth in Appendix A to the Company's South Carolina Service Regulations. To the extent that the Agent appointed by the Customer is common to other Customers of the Company, the Company will permit such Agent to aggregate all such qualifying Customers' transportation quantities for purposes of administering service to such Agent. Once a Customer has designated an Agent, the Agent is then authorized to act on behalf of that Customer and as such, the Agent will be considered as the Customer in all corresponding references contained within this Rate Schedule. The Customer may not change Agents within the calendar month without the permission of the Company, unless the Agent's right to conduct business has been suspended by the Company, in which case, the Customer may act without an Agent or may provide written notice to the Company of the new Eligible Agent designated by the Customer. The Company will provide reasonable notice to Customer in the event of any suspension of

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Customer's Agent. All Agents must utilize the electronic means made available by the Company in order to submit Nominations. The Company may recover from the Agent all costs incurred in providing the Agent access to the electronic bulletin board.

Rates and Charges

The rates to be charged for gas service pursuant to this Rate Schedule are set forth on the Company's "Rates and Charges" tariff sheet and may be viewed at the Company's Web Site at www.piedmontng.com. A copy of the "Rates and Charges" tariff sheet is also on file with the Commission and at each of the district offices of the Company. Rates are subject to adjustment from time to time with the approval of the Commission. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site. The rates on file with the Commission shall prevail in the event of conflict with those rates viewed on the Company's Web Site.

Volumetric Charges

The rate per therm shall be billed on the quantity of gas delivered by Company to Customer. Any adjustment to the quantity of gas delivered due to meter failure or inaccuracy of measurement shall be determined as approved in the Rule and Regulations of the Public Service Commission of South Carolina.

Payment of Bills

Bills are net and due upon receipt. Bills become past due 15 days after bill date.

Late Payment Charge

A late payment charge of one and a half percent (1 ½%) per month will be applied to all balances not paid prior to the next month's billing date.

Service Interruption and Curtailment

Gas service under this Rate Schedule is subject to the provisions contained within Rate Schedule 206, "Schedule for Limiting and Curtailing Service."

Applicable Documents Defining Obligations of the Company and Its Customers

Service under this Rate Schedule is subject to the Rules and Regulations of the Public Service Commission of South Carolina (the "Commission Rules") and to the Company's Service Regulations. Among other things, the Commission Rules and the Company's Service Regulations permit the interruption or curtailment of service under certain conditions, including events of force majeure and operating conditions. A copy of the Commission's Rules may be obtained from the Commission's Chief Clerk at the Public Service Commission of South Carolina, Koger Executive Center, Saluda Building, 101 Executive Center Drive, Columbia, SC 29210 upon payment of the applicable fee. The Company's Service Regulations may be obtained at each of the district offices of the Company. Unofficial copies of the Company's Service Regulations are available at the Company's Web page at www.piedmontng.com.

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AGENCY AUTHORIZATION FORM

EFFECTIVE DATE _____

CUSTOMER _____

NAME OF FACILITY _____

ACCOUNT NUMBER(S) _____

AGENT _____

AGENT CONTACT _____ **PHONE #** _____

This is to advise Piedmont Natural Gas Company that _____ (**Customer**) has authorized _____ (**Agent**) to act on its behalf for the following transactions:

_____ nominations, _____ imbalance resolution _____ billing,

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent directly, and the **CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S SOUTH CAROLINA SERVICE REGULATIONS OR AGENT'S CUSTOMER AGENT AGREEMENT** which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

AUTHORIZED _____ AUTHORIZED _____
SIGNATURE _____ SIGNATURE _____

FOR THE CUSTOMER FOR THE AGENT

Please Print

AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX# _____

MAILING ADDRESS

Please submit to: End User Transportation End User Transportation
Piedmont Natural Gas Company OR Fax Number: (704) 365-8740
P. O. Box 33068
Charlotte, N.C. 28233

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FORM OF CUSTOMER AGENT AGREEMENT

APPENDIX A

CUSTOMER AGENT AGREEMENT

This Customer Agent Agreement ("Agreement") is made this _____ day of _____, 200_, by and between Piedmont Natural Gas Company, Inc. ("Piedmont") and _____ ("Agent").

WHEREAS, Piedmont's natural gas transportation tariffs provide for the ability of customers receiving Piedmont's transportation services to designate and utilize a third-party agent for purposes of making nominations for and delivering natural gas to Piedmont on behalf of such customers and managing imbalances on the Piedmont system resulting from such activities; and

WHEREAS, in undertaking such activities on behalf of Piedmont's customers, such Agents have the capacity to create material economic and operational risks for Piedmont and its customers; and

WHEREAS, Agent desires to act as a Customer Agent on Piedmont's system; and

WHEREAS, Piedmont is willing to permit Agent to operate on its system under the terms and conditions set forth herein and under the parameters of Piedmont's approved tariffs and service regulations.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Piedmont and Agent agree as follows:

1. Establishment and Maintenance of Creditworthiness. Each Agent must establish credit with Piedmont in the form of a Letter of Credit, escrow deposit, parental guaranty, or otherwise, in form and substance acceptable to Piedmont, in an amount equal to or greater than the dollar value obtained by the following formula at all times:

The higher of Agent's average daily load for the previous month or Agent's First-of-Month confirmed daily nomination quantity for the new month x 3 days x (NYMEX prompt month close) x 1.25.

Each month, prior to nominating transactions for the first of the month business, an evaluation will be made to ensure that the established credit does not fall below the value obtained from the formula shown above. In the event Agent's established credit falls below the value obtained through application of the formula shown above, either during this monthly evaluation or at any other time, Piedmont may require that the value of said Letter of Credit, escrow deposit, parental guaranty, or other form of assurance be changed at any time in order to reestablish adequate creditworthiness hereunder. In the event Agent fails to establish creditworthiness as set forth above, or fails to comply within 5 days with directions from Piedmont to increase the amount of its credit instruments as provided herein, then Agent's right to conduct business on the Piedmont

system shall be suspended until such time as Agent shall be in compliance with the creditworthiness provisions set forth herein (including any requirements to increase said creditworthiness).

2. Customer Agent Imbalance Restrictions. Agent shall not create a cumulative intra-month imbalance which exceeds three times Agent's aggregate First-of-Month confirmed daily nomination quantity. If this cumulative month-to-date imbalance restriction is exceeded at any time, then Agent's authorization to conduct business on Piedmont's system shall be immediately suspended except to the extent of transactions designed to reduce Agent's cumulative month-to-date imbalance. Upon any such suspension, Agent's authorization to conduct business on the Piedmont system shall not be restored until such time as Agent is in full compliance with the provisions hereof and all applicable provisions of Piedmont's tariffs and service regulations.

3. Allocation of Imbalance Quantities/Penalties. Concurrent with the submission of monthly nominations, Agent shall provide Piedmont with a schedule of allocated nominations for customers to be served by Agent for the following month. This allocation shall serve as the basis for resolving imbalances with Agent's customers to the extent those imbalances are not resolved by Agent. In the event Agent fails to submit such schedule, and further fails to resolve any monthly imbalance during the term hereof, those imbalances and any attendant penalties shall be allocated to Agent's customers, *pro rata*, based upon the actual usage of each such customer during the month to which the unresolved imbalance and/or penalties is attributable.

4. Failure to Comply with Operational Notices, and Agent Creditworthiness and Imbalance Requirements. If Agent fails to adhere to the imbalance and credit requirements set forth above, or to obey specific instructions issued by Piedmont and designed to preserve the operational integrity of Piedmont's system, Agent (a) shall be subject to the Unauthorized Over Run Penalty provisions of Piedmont's Rate Schedule 106, and (b) shall have its right to transact business on Piedmont's system suspended.

5. Term. This Agreement shall become effective as of the date first written above and shall continue in full force or effect until terminated by either party hereto upon sixty (60) days written notice.

6. Supplemental Nature of Agreement. This Agreement is supplemental to the provisions of Piedmont's approved tariffs and service regulations, the provisions of which shall also apply to services rendered hereunder. As such, the restrictions and requirements set forth herein are cumulative in nature and in addition to any other imbalance or penalty provisions set forth in Piedmont's approved tariffs and service regulations.

7. Billing and Payment. Billings to Agent for any amounts due hereunder, and payments by Agent on such billings, shall be made in a manner consistent with the billing and payment provisions of the underlying transportation tariffs pursuant to which service is rendered.

8. Miscellaneous.

- A. Modification. This Agreement may not be modified or amended except by the execution of a written agreement by the parties hereto.
- B. Waiver. No failure by any party to enforce this agreement with respect to any default in the performance of any of the provisions of this Agreement shall operate or be construed to operate as a waiver thereof or of any similar future default.
- C. Assignment. This Agreement may not be assigned by any party hereto without the express written consent of the other party hereto.
- D. Jurisdiction. This Agreement and the respective obligations of the parties hereto are subject to all valid laws, orders, rules and regulations of the North Carolina Utilities Commission and any other governmental bodies having jurisdiction.
- E. Conflict of Laws. The construction, interpretation, and performance of this Agreement shall be in accordance with the substantive laws of the State of North Carolina without regard to any conflicts of laws provisions thereof.

IN WITNESS WHEREOF, the undersigned parties have executed this agreement as of the year and date first written above.

AGENT

PIEDMONT NATURAL GAS COMPANY
